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REFERENCE TITLE: greater Arizona development authority

State of Arizona
House of Representatives
Forty-sixth Legislature
First Regular Session
2003

HB 2399

Introduced by
Representative Hanson

AN ACT

AMENDING SECTION 41-1554.06, ARIZONA REVISED STATUTES; RELATING TO THE GREATER ARIZONA DEVELOPMENT AUTHORITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-1554.06, Arizona Revised Statutes, is amended to
3 read:

4 41-1554.06. Financial assistance

5 A. The authority may provide financial assistance to political
6 subdivisions, special districts and Indian tribes in developing, constructing
7 or refinancing infrastructure. The financial assistance shall include:

8 1. Loans as provided in this section.

9 2. Credit enhancements purchased for a political subdivision's,
10 special district's or Indian tribe's bonds or other forms of indebtedness.

11 B. A loan shall be evidenced by a loan repayment agreement or bonds of
12 a political subdivision, special district or Indian tribe that are delivered
13 to and held by the authority.

14 C. The authority shall prescribe a principal repayment schedule for
15 each loan made. Loan principal payments may be rescheduled at the discretion
16 of the authority but may not be forgiven.

17 D. A loan under this section:

18 1. Shall be repaid not more than thirty years after the date it is
19 incurred.

20 2. Shall require that interest payments begin not later than the next
21 date that either principal or interest must be paid by the authority to
22 holders of any of the authority's bonds that provided funding for the loan.
23 The authority may provide that loan interest accruing during construction of
24 the borrower's infrastructure project and up to one year after completion of
25 the construction be capitalized in the loan.

26 3. Shall be repayable in at least annual principal installments and at
27 least semiannual interest installments.

28 4. Shall be conditioned on the identification of pledged revenues for
29 repaying the loan. If the infrastructure financed by the loan is part of a
30 municipal utility and the city or town pledges revenues of the utility to
31 repay the loan, the loan shall be treated under section 9-530, subsection B
32 as a lawful long-term obligation incurred for a specific capital purpose.

33 5. To the extent permitted by law, shall be secured by a debt service
34 reserve account that is held in trust and that is in such amount, if any, as
35 determined by the authority.

36 6. Shall be either:

37 (a) For a political subdivision, additionally secured by an
38 irrevocable pledge of the shared state revenues due the political subdivision
39 for the life of the loan as provided by a resolution of the board.

40 (b) For an Indian tribe, conditioned on the establishment of a
41 dedicated revenue source under the control of a tribally chartered
42 corporation or other tribal entity that is subject to suit by the attorney
43 general to enforce the loan contract or be secured by assets that, in the
44 event of default of the loan contract, are subject to execution by the

1 attorney general without the waiver of any claim of sovereign immunity by the
2 tribe.

3 E. The authority shall prescribe the rate or rates of interest on
4 loans made under this section, but the rate or rates shall not exceed the
5 prevailing market rate for similar types of loans. A political subdivision
6 may negotiate the sale of its bonds to or a loan repayment agreement with the
7 authority without complying with any public or accelerated bidding
8 requirements imposed by any other law for the sale of its bonds.

9 F. The approval of a loan is conditioned on a written commitment by
10 the political subdivision or special district to complete all applicable
11 reviews and approvals and to secure all required permits in a timely manner.

12 G. The approval of financial assistance to a city or town having a
13 population of more than fifty thousand persons shall be conditioned upon
14 approval of its voters. An election is not required if voter approval has
15 previously been received for substantially the same project with a different
16 financing source.

17 H. The approval of financial assistance to a county having a
18 population of more than ~~two hundred thousand persons but less than~~ one
19 million persons shall be conditioned on approval of its voters. An election
20 is not required if voter approval has previously been received for
21 substantially the same project with a different financing source.

22 I. By resolution of the board, the authority may impose any additional
23 requirements it considers necessary to ensure that the loan principal and
24 interest are timely paid.

25 J. All monies received from political subdivisions, special districts
26 and Indian tribes as loan repayments, interest and penalties shall be
27 deposited, pursuant to sections 35-146 and 35-147, in the fund.

28 K. The attorney general may take whatever actions are necessary to
29 enforce the loan contract and achieve repayment of loans provided by the
30 authority pursuant to this article.

31 L. If a political subdivision fails to make any payment due to the
32 authority under its loan repayment agreement or bonds, the authority shall
33 certify to the state treasurer and notify the governing body of the
34 defaulting political subdivision that the political subdivision has failed to
35 make the required payment and direct a withholding of state shared revenues
36 as provided in subsection M of this section. The certificate of default
37 shall be in the form determined by the authority, provided the certificate
38 specifies the amount required to satisfy the unpaid payment obligation of the
39 political subdivision.

40 M. On receipt of a certificate of default from the authority, the
41 state treasurer, to the extent not otherwise expressly prohibited by law,
42 shall withhold the monies from the next succeeding distribution of monies
43 pursuant to section 42-5029 due to the defaulting political subdivision. In
44 the case of a city or town, the state treasurer shall also withhold from the
45 next succeeding distribution of monies pursuant to section 43-206 due to the

1 defaulting city or town the amount specified in the certificate of default
2 and immediately deposit the amount withheld in the fund. The state treasurer
3 shall continue to withhold and deposit the monies until the authority
4 certifies to the state treasurer that the default has been cured. In no
5 event shall the state treasurer withhold any amount that is necessary, as
6 certified by the defaulting political subdivision to the state treasurer and
7 the authority, to make any required deposits then due for the payment of
8 principal and interest on bonds of the political subdivision that were issued
9 prior to the date of the loan repayment agreement or bonds and that have been
10 secured by a pledge of distributions made pursuant to sections 42-5029 and
11 43-206.